covering a trademark infringer's profits from the sale of goods bearing the infringing mark.

The Lanham Act, codified at 15 U.S.C. § 1051 *et seq.*, was enacted by Congress in 1946 to provide uniform, nationwide rights for owners of trademarks, service marks, collective marks, and certification marks,[4] thousands of whom are members of INTA. Further to that purpose, Congress codified in the Lanham Act the monetary remedies available to mark owners against infringers in what is now 15 U.S.C. § 1117(a) (2000). Just as the Lanham Act should guarantee mark owners uniform, nationwide rights against junior users, it should also guarantee a uniform standard for the recovery of monetary remedies, including defendant's profits.

This purpose is frustrated by the current, fractured state of the law regarding the standards for the recovery of an infringer's profits. Today, mark owners have an incentive to bring infringement suits in circuits that do not require proof of willful infringement as a prerequisite to the recovery of an infringer's ill-gotten profits. Similarly, parties that have been accused of trademark infringement – but have not yet been sued – have an incentive to file declaratory relief actions in those circuits that require mark owners to clear the high evidentiary bar of proving willful infringement before a court may consider whether to force the infringer to disgorge its profits. This inconsistency in the application of the same statutory language in 15 U.S.C. § 1117(a) undermines the predictability and uniformity that the Lanham Act should provide.

[4] Consistent with the convention adopted by the Lanham Act, this brief refers to these designations collectively as "trademarks" or "marks."

ARGUMENT

I. There Is a Clear Split in the Circuits on the Relevance of an Infringer's Willfulness to the Availability of Defendant's Profits as a Remedy for Trademark Infringement

The availability of monetary remedies to mark owners, including disgorgement of an infringer's profits from sales of goods bearing the infringing mark, is governed by section 35 of the Lanham Act. That section provides, in part:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 43(a) [15 USC §1125(a) or (d)], or a willful violation under section 43(c) [15 USC § 1125(c)], shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 [15 USC §§ 1111, 1114], and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction.

15 U.S.C. § 1117(a). Despite the codification of remedies for trademark infringement, the courts' interpretation of section 35(a) is fractured and conflicting. *See generally* Bryan M. Otake, *The Continuing Viability of the Deterrence Rationale In Trademark Infringement Accountings*, 5 UCLA ENT. L. REV. 221, 231 (1998) (noting that "[d]ecisional precedent is mixed and discordant" in discussing the varying standards applied by courts in deciding when a disgorgement of an infringer's profits is appropriate).

As discussed at length in petitioners' brief, there is a three-way split among the Circuit Courts of Appeal on the relevance of whether a defendant willfully infringed the plaintiff's mark to the availability of a disgorgement of the infringer's profits as a remedy. Petitioners' explication of this three-way split is comprehensive, and INTA will not

burden this Court by repeating Petitioners' analysis.[5] The split can be summarized as follows:

1. The Third, Fifth, Seventh and Eleventh Circuits interpret section 35(a) of the Lanham Act *not* to require a showing of willfulness as a prerequisite to the disgorgement of an infringer's profits from the sale of infringing goods. Although willfulness is a factor that the Court may consider in deciding whether to award defendant's profits, it is not a requirement. *See, e.g., Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 174 (3d Cir. 2005) (willfulness is not a prerequisite to an award of infringer's profits); *Quick Techs., Inc., v. Sage Group plc*, 313 F.3d 338, 349 (5th Cir. 2002) ("[W]e decline to adopt a bright-line rule in which a showing of willful infringement is a prerequisite to an accounting of profits."); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989) ("[T]here is no express requirement . . . that the in-

[5] The law in the First and Sixth Circuits on this issue is not as crystallized as Petitioners' brief implies. The Sixth Circuit case, *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 607 (6th Cir. 1991), cited by petitioners for the proposition that that circuit does not require proof of willfulness for recovery of a defendant's profits, makes that statement only in dicta, which cited with approval the Seventh Circuit's rule that willfulness is not required. (citing *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989)). Nevertheless, the dispute in *Wynn Oil* was whether the plaintiff was required to prove actual confusion to recover the defendant's profits, and the court cited the Seventh Circuit rule for the proposition that no such showing was required. Because the trial court had found willful infringement, and the Sixth Circuit affirmed that finding, the Sixth Circuit did not address whether willfulness was required for a disgorgement of profits in its holding. In an earlier decision, *Frisch's Rests., Inc. v. Elby's Big Boy*, 849 F.2d 1012, 1016 (6th Cir. 1988), the Sixth Circuit held that a plaintiff *is* required to prove willful infringement before it may recover an infringer's profits. The Sixth Circuit made no effort to distinguish its earlier holding in *Frisch's*.

It also is not clear that the First Circuit requires proof of willfulness for disgorgement of profits if the trademark owner and trademark infringer are not in direct competition. In *Tamko Roofing Prods., Inc.* v. *Ideal Roofing Co. Ltd.*, 282 F.3d 23, 36 (1st Cir. 2002), cited by Petitioners, the First Circuit expressly declined to decide whether willfulness is required in such circumstances. *See id.* at 29. Because willfulness had been established in the trial court, the Court of Appeals did not need to address the issue. *See id.*

fringer willfully infringe . . . to justify an award of profits."); *Burger King Corp. v. Mason*, 855 F.2d 779, 783 (11th Cir. 1988) ("Nor is an award of profits based on either unjust enrichment or deterrence dependent upon a higher showing of culpability on the part of the defendant. . . ."). The Third Circuit in particular has held that Congress' 1999 amendment to 15 U.S.C. § 1117, which added the *express* requirement that the owner of a famous mark prove willfulness to recover monetary relief for dilution under 15 U.S.C. § 1125(c), established that proof of willfulness is *not* required for recovery of a defendant's profits for trademark infringement under 15 U.S.C. § 1125(a). *See Banjo Buddies*, 399 F.3d at 174.

2. In contrast, the Second, Tenth and D.C. Circuits require a trademark owner to prove that the defendant willfully infringed its mark in all circumstances. In those circuits, proof of willfulness is a prerequisite to the recovery of profits, not just one factor for the court to consider. *See, e.g., Bishop* v. *Equinox Int'l Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998) ("[A]n award of profits requires a showing that defendant's actions were willful or in bad faith."); *Banff, Ltd. v. Colberts, Inc.*, 996 F.2d 33, 35 (2d Cir. 1993); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 968 (D.C. Cir. 1990). In these circuits, only after the trademark owner establishes willful infringement may the court consider other equities in deciding whether to order an accounting of defendant's profits.

3. Finally, the Ninth Circuit appears to employ a hybrid standard for the disgorgement of an infringer's profits. That circuit permits a trademark owner to seek a disgorgement of the infringer's profits, without first proving willful infringement, where the trademark owner and infringer are in direct competition, and the infringer's profits are used as an approximation of the trademark owner's actual monetary losses caused by the infringement. *See, e.g., Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993).[6] If the par-

[6] It is not clear from the opinion of the Court of Appeals in this case whether petitioners claimed any actual losses to the three respondents for

ties market non-competing products, or where they do not compete in the same geographical regions, the trademark owner must prove willful infringement as a prerequisite to recovery of the infringer's profits from its sales of the infringing goods. The First Circuit has not yet expressly ruled on whether a successful plaintiff is entitled to a disgorgement of the defendant's profits where the two parties were not in direct competition. *See Tamko Roofing Prods.*, 282 F.3d at 29 (declining to decide whether willfulness is required in such circumstances).

This split requires resolution by this Court. In fact, this case presents an opportunity for this Court to address the remedies available to trademark owners under the Lanham Act for the first time since 1967. *See Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967) (holding that the Lanham Act, as then written, did not permit the award of attorneys fees). All of the trademark cases that the Court has reviewed in recent decades have addressed substantive rights of trademark owners, rather than the remedies available to them for infringement. *See, e.g., KP Permanent Make-Up, Inc. v. Lasting Impression I Inc.*, 125 S. Ct. 542 (2004) (holding that accused trademark infringer does not have the burden of proving absence of confusion to prevail on a fair use defense); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995) (holding that colors may be subject to trademark protection); *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985) (incontestable mark may not be challenged as merely descriptive).[7]

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whom there was some evidence of distribution of products bearing an infringing mark.

[7] One of the issues raised in the petition for a writ of certiorari in *Dastar Corp. v. Twentieth Century Fox Film Corp.* was whether a court, applying the Lanham Act, could award twice a defendant's profits for deterrent purposes. 539 U.S. 23, 25 (2003). The Court's opinion did not reach that issue, as it found that the plaintiff's claim for false designation of origin failed on the merits. *Id.* at 38.

II. The Court Should Grant Certiorari to Restore Uniformity to Federal Trademark Law

The current split in authority runs counter to Congress' purpose of providing uniform, nationwide rights to trademark owners when it passed the Lanham Act in 1946. Congress designed the Lanham Act to provide a robust and consistent, national scheme of protection for trademarks, to "secur[e] to the [trademark] owner the good will of his business and protect[] the public against spurious and falsely marked goods." S. Rep. No. 79-1333 (1946), *as reprinted in* 1946 U.S.C.C.A.N. 1274, 1274-75. As it became clear in the post-war era that "trade [in the United States] is no longer local, but is national," protection of trademarks could no longer be provided by the inconsistent amalgam of state law protections. *Id.* at 1277. As a result, "a sound public policy require[d] that trademarks should receive nationally the greatest protection that can be given them." *Id.* The Senate Committee on Patents described this purpose as follows:

> The purpose of this bill is *to place all matters relating to trademarks in one statute* and to *eliminate judicial obscurity*, to simplify registration and to make it stronger and more liberal, to dispense with mere technical prohibitions and arbitrary provisions, to make procedure simple, and relief against infringement prompt and effective.

Id. at 1274 (emphasis added).

Despite the current split in the circuits on the standard for recovering an infringer's profits, courts have recognized that Congress' purpose in federalizing trademark law in the Lanham Act was to create uniform, nationwide rights for a national economy. Not long after the Lanham Act's passage, Judge Learned Hand recognized that it "put federal trademark law upon a new footing . . . and created rights uniform throughout the Union, in the interpretation of which we are not limited by local law." *S. C. Johnson & Son, Inc. v. Johnson*, 175 F.2d 176, 178 (2d Cir. 1949).

More recently, this Court acknowledged Congress's goals by noting that "[n]ational protection of trademarks is desirable . . . because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly*, 469 U.S. at 198; *see also Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 781-82 (1992) (Stevens, J., concurring) ("'The purpose of [the Lanham Act] is to protect legitimate business and the consumers of the country,' [and] [o]ne way of accomplishing these dual goals was by creating uniform legal rights and remedies that were appropriate for a national economy." (citation omitted)); *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 861 n.2 (1982) (White, J., concurring) (noting purpose of the Lanham Act to "codify and unify" the common law of trademark protection).

When conflicting interpretations of the Lanham Act among the Circuit Courts of Appeal have matured in the past, this Court has granted certiorari to restore uniformity to the law. Most recently, in its decision in *KP Permanent Make-Up*, 125 S. Ct. 542 (2004), the Court noted that it granted certiorari "to address a disagreement among the Courts of Appeals on the significance of likely confusion for a fair use defense to a trademark infringement claim, and the obligation of a party defending on that ground to show that its use is unlikely to cause consumer confusion." *See id.* at 548; *see also Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003) (granting certiorari "because other Circuits have also expressed differing views about the 'actual harm' issue" under the Federal Trademark Dilution Act); *Qualitex Prods.*, 514 U.S. at 161 (noting that the Court granted certiorari because "[t]he courts of appeals have differed as to whether or not the law recognizes the use of color alone as a trademark").

Uniform rights are particularly important in a marketplace increasingly characterized by brands with national and global reach. The current fractured state of the law frustrates Congress' purpose, and the Court should take the opportunity that this case presents to resolve the split in the circuits and restore uniformity to the law.

III. Resolution of the Split Will Discourage Forum Shopping

In addition to frustrating nationwide uniformity to trademark law, the present circuit split also encourages forum shopping. The variation in standards for recovery across the circuits provides both trademark owners and accused infringers a strong motive to file suit in jurisdictions with a standard for the recovery of profits under 15 U.S.C. § 1117(a) that is favorable to their particular position. Specifically, plaintiffs have an incentive to seek relief in circuits that allow recovery absent proof of willfulness, while prospective defendants may seek declaratory judgments in circuits that impose more exacting standards for recovery.

This Court has consistently recognized the prevention of forum shopping as necessary both to effectuate the will of the legislature and to secure equity and efficiency in the judiciary. *See, e.g., Rumsfeld v. Padilla*, 124 S. Ct. 2711, 2725 (2004) (finding that the requirement that habeas petitioners challenging physical custody must file in the district of confinement "serves the important purpose of preventing forum shopping"); *Southland Corp. v. Keating*, 465 U.S. 1, 15 (1984) (interpreting the Federal Arbitration Act so as to avoid encouraging forum shopping); *Walker v. Armco Steel Corp.*, 446 U.S. 740, 745 (1980) (describing forum shopping as an "undesirable result[]"); *Hanna v. Plumer*, 380 U.S. 460, 468 (1965) (describing "discouragement of forum-shopping" as one of the twin aims of *Erie R.R. v. Tompkins*, 304 U.S. 64 (U.S. 1938)).

In the trademark context, the Court's resolution of the circuit split in *Qualitex* eliminated opportunities for forum shopping that existed for owners of color trademarks. Before *Qualitex*, the threat of forum shopping loomed heavily over trademark protection in color alone. *See* Craig Summerfield, *Color As A Trademark And The Mere Color Rule: The Circuit Split For Color Alone*, 68 CHI.-KENT. L. REV. 973, 978 (1993) (explaining that the split between the Ninth and Seventh Circuits "[would] undoubtedly lead to forum shop-

ping due to the major difference in substantive rights"). *Qualitex* clarified the potential trademark status of individual colors and reduced potential forum shopping.

The Court's condemnation of forum shopping is well-founded. Permitting parties possibly to affect the substantive outcome of infringement and unfair competition litigation by selecting the forum with the standard for liability for profits that is most favorable to their position results in uncertain rights and obligations, and compromises the courts' ability to render like judgments under like facts. Under the current state of the law, a trademark owner may be entitled to a disgorgement of a defendant's profits in one circuit, but may not be entitled to the same remedy in a different circuit on identical facts.

Inconsistent standards among the Courts of Appeals have created uncertainty that is likely to bring about forum shopping. This Court's announcement of a clear, uniform standard as to the relevance of willfulness to the disgorgement of profits in a trademark case is the most effective way to solve this problem.

CONCLUSION

Accordingly, INTA requests this Court to grant the petition for certiorari and restore national uniformity to federal trademark law on this important issue.

Respectfully submitted,

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Contessa Premium Foods, Inc.,
Petitioner,

v.

Berdex Seafood, Inc., et al.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Ninth Circuit

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REPLY BRIEF FOR THE PETITIONER

Respondents acknowledge that there is a division among the courts of appeals over whether willfulness is a prerequisite to an award of profits for a violation of Section 43(a) of the Lanham Act. See Berdex BIO 12, 16; IFP BIO 9. Moreover, respondents do not seriously contest that the question is important, as demonstrated in the *amicus* brief of the International Trademark Association. Instead, respondents' principal argument against certiorari is that a 1999 amendment to the Lanham Act does not apply to this case, rendering the case a poor vehicle for construing the statute as currently enacted. See Berdex BIO 11-13; IFP BIO 4-6. This argument founders on its premise: the 1999 amendment did not change the meaning of the Lanham Act. The 1999 amendment was merely a technical change to revise the Act's remedies provision to reflect changes that had been made to the statute by the Federal Trademark Dilution Act of 1996, changes that were already in effect when the alleged infringement in this case took place. See Pub. L. No. 104-98, 109 Stat. 985 (1996). Because this and the other objections respondents raise against the petition are meritless, certiorari on the first question presented should be granted.[1]

1. Respondents fundamentally misconstrue the significance of the 1999 amendment to petitioner's argument and to the meaning of the Lanham Act.

a. Since 1988, Section 35(a) of the Lanham Act has authorized an award of profits, subject to principles of equity, in the case of "a violation under section 43(a)." Pub. L. No. 100-667, Title I, § 129, 102 Stat. 3945 (1988). That

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[1] As discussed *infra*, petitioner no longer seeks review of the copyright issue addressed in the second question presented. As a result, petitioner does not seek review of the judgment below as it applies to respondents Hanwa American Corp., Slade Gorton & Co., Inc., Mazzetta Company, L.L.C., Sea Port Products, or Admiralty Island Fisheries.

language, which governs the award of profits sought in this case, has never been modified. However, in 1996 Congress amended the statute to permit awards of profits for willful dilution of famous marks. The Dilution Act of 1995 added to the statute Section 43(c), part of which provided that

> [i]n an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. *If such willful intent is proven*, the owner of the famous mark *shall also be entitled to the remedies set forth in sections 35(a)* and 36, subject to the discretion of the court and the principles of equity.

Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (1996) (enacting 15 U.S.C. 1125(c)) (emphasis added). Accordingly, as of 1996, the Act distinguished between the criteria for an award of profits for a violation of Section 43(a) and the criteria for an award for violations of Section 43(c), explicitly requiring willfulness only for dilution claims.

Congress failed, however, to amend Section 35(a) to reflect this new authorization for profit awards in cases of willful dilution. The 1999 Amendment rectified this oversight. See Pub. L. No. 106-43, § 3(b), 113 Stat. 219 (1999); H.R. Rep. No. 106-250, at 6 (1999) (noting that the "language of the Dilution Act presented to the President for signing did not include the necessary changes to section[] 35(a)" and that the 1999 amendment to Section 35(a) was therefore "an attempt to clarify Congress' intent and to avoid any confusion by courts trying to interpret the statute * * *.").

b. Respondents argue that certiorari should be denied because petitioner's claim depends upon the 1999 amendment to the Act – which, they argue, cannot be applied to this case because the alleged infringement occurred in 1997 and 1998. See Berdex BIO 13 (citing *Landgraf* v. *USI Film Prods.*, 511

U.S. 244 (1994)); IFP BIO 5-6 (same). That argument fails for two reasons.

First, *Landgraf* has no application to this case. Petitioner does not argue that the 1999 amendment itself authorizes the award of profits petitioner seeks. Neither the 1999 amendment nor the Dilution Act altered the language of the statute that directly governs petitioner's claims in this case. That language, authorizing an award of profits for "a violation of Section 43(a)," has been unchanged since 1988. The subsequent amendments relating to dilution claims simply shed indirect light on the meaning of parts of the statute that *do* apply directly to petitioner's claims. In fact, as petitioner described in its opening brief (Pet. 17-19), it has long been clear that Congress did not intend that courts impose a willfulness requirement or any other invariable prerequisite for an award of profits for violations of Section 43(a). For example, Section 35(a) has always included a proviso excluding an award of profits against those who innocently print infringing material. See 15 U.S.C. 1117(a) (cross-referencing 15 U.S.C. 1114). Respondents do not even attempt to explain why such an exception would have been necessary if the Act precluded profit awards in the absence of willful infringement as a general matter.

Because the 1999 amendment does no more than indirectly confirm the pre-existing meaning of the Act, the *Landgraf* presumption has no application. See, *e.g.*, *ABKCO Music, Inc.* v. *LaVere*, 217 F.3d 684, 689 (CA9 2000) ("We have long recognized that clarifying legislation is not subject to any presumption against retroactivity and is applied to all cases pending as of the date of its enactment * * * .").

Second, respondents' argument would fail even if the *Landgraf* analysis did apply. *Landgraf* makes clear that "a court is to apply the law in effect at the time it renders its decision," unless doing so would have an impermissible "retroactive effect" that Congress did not explicitly authorize. 511 U.S. at 264 (citation and internal quotation marks

omitted). A "statute does not operate 'retrospectively' merely because it is applied in a case arising from conduct antedating the statute's enactment, or upsets expectations based in prior law." *Id.* at 269 (citations omitted). "Rather, the court must ask whether the new provision attaches new legal consequences to events completed before its enactment." *Id.* at 269-70.

As described above, the 1999 amendment attached no new legal consequences to respondents' prior conduct. Indeed, the amendment effected no substantive change to the statute at all. It simply revised Section 35(a) to reflect the willfulness requirement for dilution claims that had existed in Section 43(c) since 1996, well before the infringement alleged in this case took place. Thus, respondents' rights, liabilities, and duties under the Lanham Act are exactly the same now as they were before the 1999 amendment. The amendment therefore had no "retroactive effect" under *Landgraf* and, as a result, properly applies to cases pending at the time of the revision. See *Landgraf*, 511 U.S. at 280.[2]

2. Respondents concede that, absent a distinction between pre- and post-1999 cases, there is at least a four-two split among the courts of appeals regarding whether willfulness is a prerequisite for an award of profits in a trademark infringement case. See Berdex BIO 12 (citing cases from the Second, Ninth, Tenth, and D.C. Circuits imposing willfulness requirement); *id.* 14 (acknowledging

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[2] Indeed, none of the respondents ever argued otherwise in the proceedings below. In fact, in their brief to the Ninth Circuit, respondents Berdex and Coast to Coast specifically cited the current version of the Act in arguing that their lack of willfulness precluded an award of profits. See Brief of Appellees Berdex Seafood, Inc. and Coast to Coast Seafood, Inc. 36 (citing "15 U.S.C.A. § 1117(a) (West 1998 & Supp. 2003)"). Respondents advanced this argument notwithstanding that, elsewhere in their brief, they contended that the current version of the Copyright Act did *not* apply to petitioner's claims under *that* Act. See *id.* 17-20.

that the Third and Fifth Circuits have rejected a willfulness prerequisite). Given that the 1999 amendment had no substantive effect, there is no reason to believe that the amendment will itself resolve the split. Indeed, during the six years since the passage of the 1999 amendment, only the Third Circuit has discarded its willfulness requirement. Courts in other circuits, however, continue to reaffirm their willfulness prerequisites despite the 1999 revision.[3] The very

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[3] **Second Circuit**: *Design Solange, Ltd.* v. *Lane Bryant, Inc.*, No. 99-7805, 2000 U.S. App. LEXIS 1857, at *3 (CA2 Feb. 3, 2000) (unpublished) (noting the "well-settled law of this Circuit regarding monetary recovery, which requires either a finding of 'wilful deception' (for an accounting of profits) or 'actual consumer confusion or deception' (to recover damages)"); *Int'l Star Class Yacht Racing Ass'n* v. *Tommy Hilfiger U.S.A.*, No. 99-7329, 2000 U.S. App. LEXIS 660, at *2 (CA2 Jan. 12, 2000) (unpublished) (reaffirming prior rejection of argument that willfulness is not a prerequisite); see also, *e.g.*, *Mastercard Int'l, Inc.* v. *First Nat'l Bank of Omaha, Inc.*, No. 02-3691, 2004 U.S. Dist. LEXIS 2485 (S.D.N.Y. Feb. 23, 2004) (acknowledging 1999 amendment and Fifth Circuit rejection of willfulness prerequisite but concluding amendment did not warrant reconsideration of Second Circuit precedent); *Pfizer, Inc.* v. *Y2K Shipping & Trading, Inc.*, No. 00-5304, 2004 U.S. Dist. LEXIS 10,426, at *34 (E.D.N.Y. Mar. 30, 2004) ("A finding of defendant's 'willful deceptiveness is a prerequisite for awarding profits' * * * ."); *Cartier, Inc.* v. *Four Star Jewelry Creations, Inc.*, 348 F. Supp. 2d 217, 253 (S.D.N.Y. 2004) ("A finding of willful conduct is a prerequisite for an award of profits."); *New Colt Holding Corp.* v. *RJG Holdings of Florida*, 312 F. Supp. 2d 195, 232 n.15 (D. Conn. 2004) ("[A] plaintiff must prove that an infringer acted with willful deception before the infringer's profits are recoverable by way of an accounting.") (quoting *George Basch Co.* v. *Blue Coral, Inc.*, 968 F.2d 1532, 1540 (CA2 1992)).

Ninth Circuit: *Kassbaum* v. *Steppenwolf Productions, Inc.*, 236 F.3d 487, 492 (CA9 2000) ("Actual consumer confusion is not required for profit recovery; it is sufficient to show a likelihood of confusion combined with willful infringement."); *Emco, Inc.* v.

fact that the conflict continues unabated belies respondents' claim that the 1999 amendment substantively changed the statute.

The split of authority is, in fact, even wider than respondents acknowledge. As the petition explains (at 10-11), the First and Ninth Circuits have adopted a unique hybrid rule. Moreover, the Third and Fifth Circuits are not alone in rejecting willfulness as a prerequisite to a profit award, finding company in the decisions of the Sixth, Seventh, and Eleventh Circuits. See Pet. 11-12.

Obst, No. 03-6432, 2004 U.S. Dist. LEXIS 12,118, at *10-*11 (C.D. Cal. May 7, 2004) ("In the absence of evidence that [plaintiff] was damaged, it can receive an award of [defendant's] profits only by showing that [defendant's] conduct was willful."); *Oyster Software, Inc.* v. *Forms Processing, Inc.*, No. 00-0724, 2001 U.S. Dist. LEXIS 22,520, at *21 (N.D. Cal. Dec. 6, 2001) ("Courts do not award an accounting unless there is some 'deliberate and wilful conduct.'") (citation omitted).

Tenth Circuit: See *Professional Bull Riders, Inc.* v. *Autozone, Inc.*, Nos. 03-1544, 04-1029, 2005 U.S. App. Lexis 17,262, at *12 (CA10 Aug. 15, 2005) (unpublished) (reaffirming that profit awards are available to "deter *willful* violations of the trademark laws" and rejecting defendant's contention that evidence demonstrated lack of willfulness) (emphasis added); *Estate of Bishop* v. *Equinox Int'l Corp.*, 256 F.3d 1050, 1054-55 (CA10 2001) (reaffirming willfulness requirement); *id.* at 1060 (Baldock, J., dissenting in part and concurring in part) (acknowledging circuit rule that "[a] finding of willfulness or bad faith is a prerequisite to an award of profits based on the deterrence theory of recovery," but disagreeing with majority's application of the rule); see also *Nutting* v. *Ram Southwest, Inc.*, 69 Fed. Appx. 454, 459 (CAFC 2003) (unpublished) ("[W]illfulness of [the defendant's] violation[] * * * is a prerequisite to the award of any profits at all under Tenth Circuit law."); *First Savings Bank* v. *U.S. Bancorp*, 117 F. Supp. 2d 1078, 1088 (D. Kan. 2000) ("A plaintiff may not recover the defendant's profits without showing the 'defendant's actions were willful or in bad faith.'") (citation omitted).

Some of the respondents take issue with petitioner's reading of some of the circuit precedent (see Berdex BIO 16-17), but their attempts to distinguish the cases cited by petitioner are unconvincing. For example, respondents Berdex and Coast to Coast argue (*ibid.*) that *Roulo* v. *Russ Berrie & Co., Inc.*, 886 F.2d 931, 941 (CA7 1989), did not decide whether willfulness was required, but rather affirmed a profit award in light of the district court's finding of willfulness. But the Seventh Circuit made clear that the willfulness in that case was simply an equitable factor supporting the award, not an absolute prerequisite. *Ibid.* Subsequent cases have applied the same rule. See, *e.g.*, *Sands, Taylor & Wood Co.* v. *Quaker Oats Co.*, 978 F.2d 947, 961 (CA7 1992) ("The Lanham Act specifically provides for the awarding of profits in the discretion of the judge subject only to principles of equity."); see also *ISP.NET.LLC* v. *Qwest Communs. Int'l, Inc.*, No. 01-0480, 2004 U.S. Dist. LEXIS 20,237, at *12 (D. Ind. Sept. 24, 2004) ("The Seventh Circuit view considers willfulness or bad faith as a factor in deciding whether to award damages or profits, but it does *not* require such as a condition precedent."); *Hot Wax, Inc.* v. *S/S Car Care*, No. 97-6879, 1999 U.S. Dist. LEXIS 16,444, at *24 (D. Ill. Oct. 14, 1999) ("The Seventh Circuit does not require a showing of willfulness in order to award defendant's profits as a remedy * * * .").[4]

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[4] Respondents Berdex and Coast to Coast also argue (at 17) that the Sixth Circuit's approving quotation of *Roulo* in *Wynn Oil Co.* v. *American Way Serv. Corp.*, 943 F.2d 595, 606-07 (1991), should not be read as adopting the Seventh Circuit's interpretation of the Act because the district court in *Wynn Oil* had found willfulness. Petitioner has not found any subsequent case clarifying the Sixth Circuit's position. *Amicus* International Trademark Association, however, points out (Br. 5 n.5) that the standard approved in *Wynn Oil* appears to conflict with the standard described in a prior case, *Frisch's Restaurants, Inc.* v. *Elby's Big Boy*, 849 F.2d 1012, 1015-16 (CA6 1988). This confusion within